

~~CONFIDENTIAL~~

COMPT - 86-213

30-6

OC-0139-86  
18 FEB 1985

MEMORANDUM FOR: Comptroller

DDA SUBJECT FILE COPY

VIA: Deputy Director for Administration

FROM:

Director of Communications

25X1

SUBJECT: Prior Year Funds for the Experimental  
Data Security Module

25X1

1. Action Requested: Request \$85,000 in Prior Year 1984 funds be allocated to the Office of Communications, Experimental Data Security Module (X-DSM) project.

25X1

2. Background: The Experimental Data Security Module (X-DSM) project has experienced a cost overrun. In accordance with paragraph 2.b.4 of the attachment, it is requested that \$85,000 of 1984 funds be allocated to the Office of Communications to cover this overrun. The \$85,000 represents an estimation, provided by the contractor, of the costs to complete. These estimated costs have been reviewed and are found to be technically acceptable.

25X1

3. The overrun is attributed to an underestimation, by both the sponsor and the contractor, of the costs associated with an iterative security analysis/redesign process common to secure cryptographic developments. This iterative process is basically complete, and the prospects of further impact to the project are considered minimal.

25X1

4. Recommendation: In view of the foregoing, it is requested that the Comptroller approve the above funds needed.

25X1  
25X1

Attachment

25X1

~~CONFIDENTIAL~~

CONFIDENTIAL

SUBJECT: Prior Year Funds for the Experimental  
Data Security Module ☐

25X1

CONCUR:

ILLEGIB

10 5 1963

Date

7 MAR 1963

Date

Comptroller

CONFIDENTIAL

**Administrative - Internal Use Only**

24 JUN 1976

OFFICE OF FINANCE

OFFICE OF LOGISTICS

STAT

STAT

ATTACHMENT

### FUNDING OF AGENCY CONTRACTS

1. The purpose of this joint OL/OF Notice is to clarify how Agency contract actions should be funded. This Notice supersedes and cancels Procurement Note No. 90, dated 20 February 1976.

2. A summary of various types of actions and the fiscal year funds to be used is as follows:

#### a. Contract Executions

(1) Basic contract (fully funded) --  
Use fiscal year funds current at execution.

(2) Basic contract (incrementally funded -  
R&D funds only) -- Use fiscal year funds current at  
execution and subsequent fiscal year funds, as required.

(3) Basic contract (with availability of  
funds clause) -- Use next year's funds when they become  
available and notice is sent to contractor.

#### b. Contract Modifications

(1) Price adjustments on fixed-price contracts  
with provision for escalation -- Use fiscal year funds  
current at basic contract execution.

(2) Modifications within the general scope  
of a contract, pursuant to the changes clause, whether  
by change order or supplemental agreement -- Use fiscal  
year funds current at basic contract execution. If such  
funds are not available, then fiscal year funds current  
at the time of issuance of the change order or supple-  
mental agreement may be used as a last resort. If the  
contract is incrementally funded, use fiscal year funds

**Administrative - Internal Use Only**

Administrative - Internal Use Only

OFFICE OF FINANCE

STAT

OFFICE OF LOGISTICS

STAT

current at basic contract execution or subsequent fiscal years including funds current at the time of execution of the amendment.

(3) Modifications outside the general scope of the contract -- Use fiscal year funds current when the modification is executed. If research and development, the modification may be incrementally funded.

(4) Modifications providing funding for overruns -- Use fiscal year funds current at time of basic contract execution. Current fiscal year funds may be used as a last resort. If contract is incrementally funded, use fiscal year funds available at time of basic contract execution, or funds from subsequent fiscal years covered under the period of performance of the contract including current fiscal year funds.

3. A summary of the proper amount to obligate, based upon various types of actions, is as follows:

a. Firm-Fixed Price Contract -- Total contract price.

b. Fixed-Price-Incentive-Fee Contract -- Target price.

c. Cost-Plus-Fixed-Fee Contract -- Estimated cost plus fixed fee.

d. Cost-Plus-Incentive-Fee Contract -- Target cost plus target fee.

e. Cost-Plus-Award-Fee Contract -- Estimated cost, base fee and maximum award fee potential. If a billing fee has been established which represents a reasonable target fee, the funds to cover the billing fee may be obligated in lieu of the base fee and maximum award fee potential.

Administrative - Internal Use Only

Administrative - Internal Use Only

OFFICE OF FINANCE

STAT

OFFICE OF LOGISTICS

STAT

f. Time and Materials Contract --  
Estimated price.

g. Letter Contract -- The estimated  
funds required to date of definitization.

h. Change Order -- The estimated amount  
of the change order.

4. This procurement note does not cover all possible funding considerations. Matters not covered should be discussed with representatives of the Logistics and Procurement Law Division, Office of General Counsel. Because of cover and other considerations, it has been determined that in no event will funding be permitted which would require going against unobligated balances no longer held by the Agency.

5. The administrative steps necessary to make funds available for obligation must be consistent with existing procedures for reprogramming, application, or release of funds.

James H. McDonald  
Director of Logistics

Edward L. Sherman  
Director of Finance

CONCURRENCE:

STAT

Assistant General Counsel

4 June 1968  
Date

Comptroller

23 June 1968  
Date

STAT

Administrative - Internal Use Only